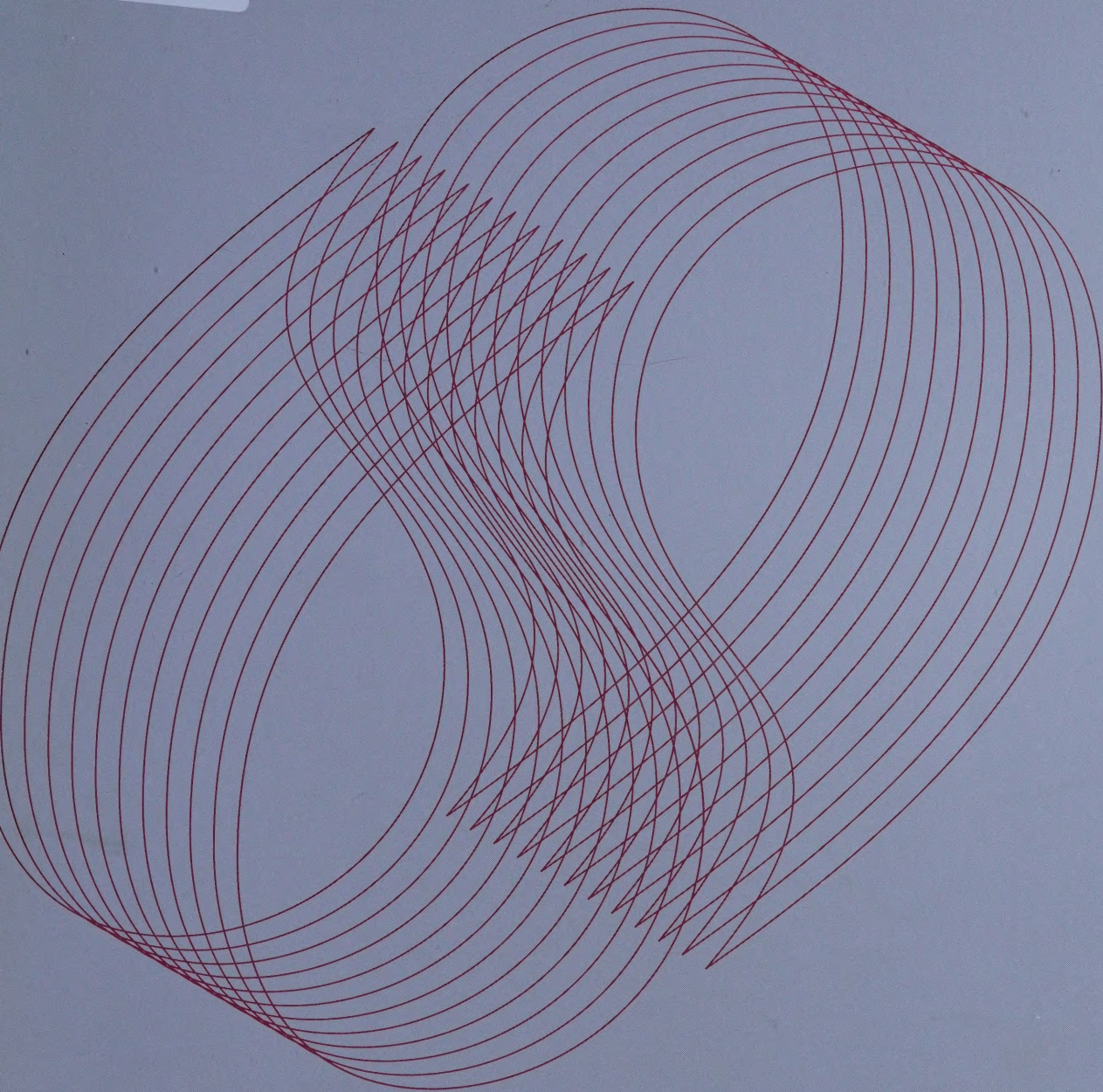


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ENERVEST

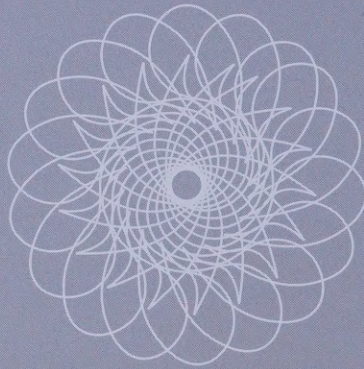
DIVERSIFIED INCOME TRUST

2 0 0 2 A N N U A L R E P O R T



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**DIVERSIFICATION
REDUCED RISK**

PRESIDENT'S REPORT TO UNITHOLDERS

EnerVest Diversified Income Trust



2002 HIGHLIGHTS

- Revenues increased 104% to \$33,425,713
- General and Administrative Costs on a per Unit basis decreased 46%
- Total Return to Unitholders 7.54%
- Total Return to Unitholders who participated in the Rights Offering 20.49%
- Trading Volumes Increased 174%

2002 has proven to be a difficult year for the equity markets once again. Investor confidence has been shaken due to the Worldcoms, Enrons, Adelphias, Global Crossings, Qwests, etc. Investors, and who can blame them, are uncertain as to whom they can trust. Our belief is unshaken. We would like to again assure all unitholders that EnerVest's trust indenture does not permit EnerVest to conduct transactions resulting in any type of off balance sheet financing.

EnerVest believes in due diligence, financial review, proven management, corporate governance and a solid business model. Even more critical is diversification. The Trust Sector continues to grow and will continue to expand in the future. The Trust Sector has not only become an asset class, but should be a true asset class in a prudently managed portfolio. Again, I must reiterate like any investment, due diligence first, investment second.

EnerVest's revenues increased 104% to \$33.4 million. General and Administrative costs on a per unit basis, decreased 46% and we will continue to work on further decreases. Trading volumes have increased 174% to approximately 129,000 Units per day with 60.4 million Units outstanding at year end 2002. Total Return to Unitholders was 7.54% for the year. EnerVest also completed a Rights Offering in 2002, in which over 90% of EnerVest's Unitholders participated. Total Return to Unitholders who participated in the Rights Offering was 20.49%.

EnerVest's view going forward is one of cautious optimism. New trusts continuing to come to market have lower yields, the oil and gas royalty trusts remain very cyclical and the Bank of Canada has, and continues to threaten to raise interest rates at the first available opportunity. Given these challenges, EnerVest has weighted the portfolio appropriately. Our commitment to you remains maximization of monthly distributions, capital preservation, reduced investment risk through diversification and maximizing the Net Asset Value over the life of the Trust.

On behalf of the EnerVest board of directors, management team and employees, we wish to thank all of our Unitholders for their continual support and belief in our ability to manage for you in the Trust Sector. Our goal is to be in the top quartile on performance as well as to provide the highest quality in Investor Relations services.

Michael L. Streukens

President and Chief Executive Officer, EnerVest Diversified Management Inc.
Manager of EnerVest Diversified Income Trust

INVESTMENT MANAGER'S REPORT TO UNITHOLDERS

EnerVest Diversified Income Trust

EnerVest Portfolio Review

The income and royalty trust sector was again one of the strongest performing asset classes in 2002. This was primarily driven by low interest rates and nervous markets as investors sought lower risk assets and higher levels of after tax income. There are now over 100 trusts with a market capitalization of approximately \$50 billion. We believe the royalty and income trust sector will continue to grow since this structure will maintain its appeal to the individual investor. Further, we believe non-traditional buyers since pension funds are becoming more comfortable with the sector. Potential risks to the sector include rising interest rates, which may force required yields higher, and an improving stock market, which may reduce demand for income and royalty trusts as investors shift into common stocks.

It is important to note that trusts are businesses and accordingly are subject to risk. In fact, many trusts are essentially Canadian small cap companies. We have recently seen cases where there have been significant declines in unit values on disappointing corporate news. Proper fundamental analysis and portfolio construction are paramount to preserve and grow capital.

Strategy

The general strategy in EnerVest's portfolio from a sector allocation basis has been to underweight the oil and gas sector and the pipeline and utility sector with a focus on the business trusts and to a lesser extent real estate trusts. Our concern on the energy sector stems from the valuation of these trusts with the potential for a decline in commodity prices. Our preference in this sector would be to focus on natural gas. We have been cautious on the interest sensitive sectors, like the pipeline and utility trusts, as we felt there would be a bias towards Canada's central bank tightening its monetary policies, resulting in higher interest rates. Conversely, a more robust economy should be positive for the business trusts as they should be able to grow distributions. Real estate remains a significant weighting in the portfolio with the focus toward commercial and retailing and de-emphasizing the office and hospitality markets.

Outlook

We will continue our cautious position in the energy sector with the weighting remaining in the 20% range. The focus will be on several core names that we feel will provide the best opportunity and value. Potential holdings include Vermillion Energy Trust, Enerplus Resource Fund, ARC Energy Trust, Focus Energy Trust and Canadian Oil Sands Trust.

Business trusts will also remain an area of concentration. This coincides with our economic outlook and our ability to broaden the diversification of EnerVest. We are looking for well-managed companies in stable demand industries. It is also important for the trusts we focus on to have clean balance sheets and strong unitholder and management alignment. The larger holdings in the portfolio include Atlas Cold Storage Income Trust, Clearwater Seafoods Income Fund, BFI Canada Income Fund, Davis & Henderson Income Fund and Superior Propane Income Fund.

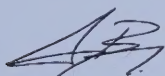
INVESTMENT MANAGER'S REPORT TO UNITHOLDERS - CONTINUED

EnerVest Diversified Income Trust

The focus in the real estate sector will be in the retail/commercial and residential sectors with near term caution in the office and hospitality markets. The portfolio's real estate holdings are also well positioned in niche markets in Toronto and Montreal and the sectors weighting will remain at approximately 15% in the near term. Within this sector RioCan Real Estate Investment Trust is the largest holding.

The pipeline and utility sector is becoming more attractive as unit prices have fallen with the recent increase in short term interest rates. At this point we anticipate leaving the weighting unchanged at approximately 17% with the view to increase exposure should valuations become more compelling. Exposure to this sector is primarily through Fort Chicago Energy Partners L.P. and Inter Pipeline Fund.

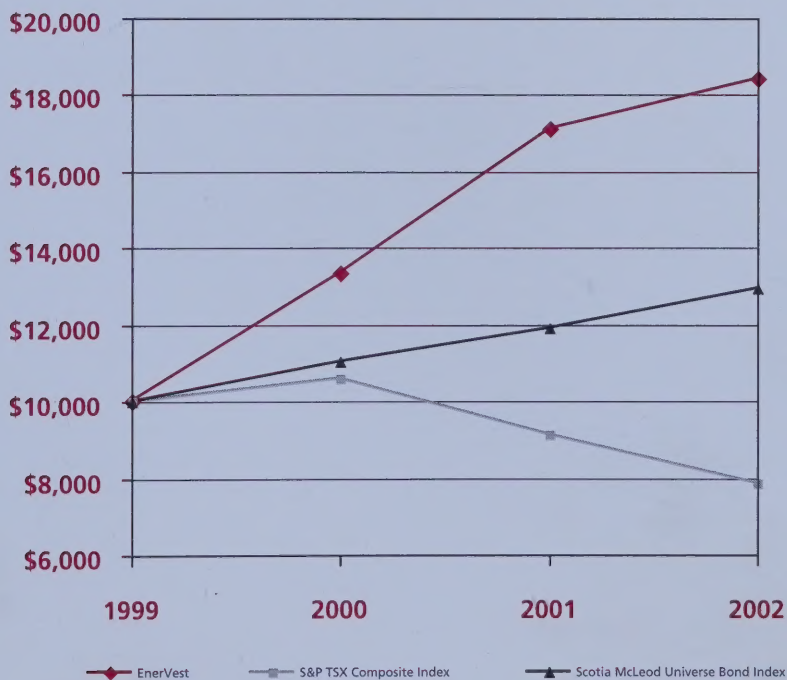
Our investment philosophy is to continue managing risk through a diversified portfolio, with the primary objectives being preservation of capital, maximization of distributions and maximization of after-tax income.



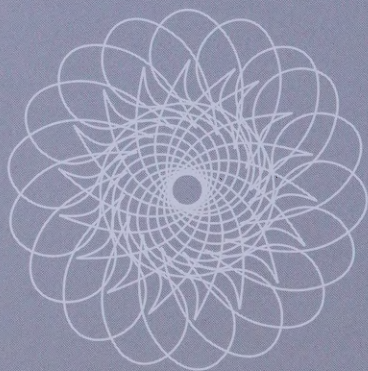
Greg Bay
President, Cypress Capital Management Ltd.
Investment Manager of EnerVest Diversified Income Trust

EnerVest Diversified Income Trust

Value Of \$10,000 Invested on December 31, 1999



Includes capital appreciation and distributions



ACTIVE MANAGEMENT
MAXIMIZE NET ASSET VALUE

MANAGEMENT'S DISCUSSION AND ANALYSIS

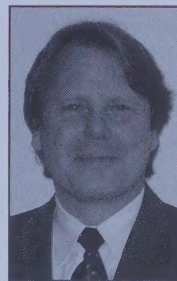
EnerVest Diversified Income Trust



Michael L. Streukens
President & CEO



David J. Fischer
CFO



J. Ward Mallabone
Secretary

The following is a discussion of EnerVest Diversified Income Trust's results for the year ended December 31, 2002 and should be read in conjunction with the financial statements starting on page 12.

Financial Performance

EnerVest provided a total return to Unitholders during the year of 7.5% (2001 was 27.9%) based on the opening Toronto Stock Exchange ("TSX") value of \$6.90 per unit (2001 was \$6.05) and the closing value of \$6.58 (2001 was \$6.90). The return on the units issued pursuant to the rights offering in February 2002, to December 31, 2002, was 20.4% (90% of the rights were exercised in the rights offering). This compares with the S&P TSX Composite Index return of negative 14.0% for 2002 and negative 13.9% for 2001.

For the fourth quarter of 2002, EnerVest's total return was negative 1.7% as compared to 14.7% for the fourth quarter of 2001. The S&P TSX Composite Index for the fourth quarter of 2002 and 2001 was 7.0% and 12.4%, respectively.

	Quarter Ended 2002				Quarter Ended 2001			
	Dec.	Sep.	June	Mar.	Dec.	Sep.	June	Mar.
Revenues (\$ Million)	12.1	7.9	7.3	6.1	5.2	4.2	3.4	3.6
Net Income (\$ Million)	9.8	6.0	5.5	4.7	4.0	3.4	2.5	2.7
Per Unit	\$0.228	\$0.149	\$0.136	\$0.141	\$0.177	\$0.213	\$0.189	\$0.206

Revenues increased 104% from \$16.4 million in 2001, to \$33.4 million in 2002, mainly due to the larger investment portfolio resulting from the Rights Offering completed in February 2002, and the Exchange Offering completed in November 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

EnerVest Diversified Income Trust

General and administrative costs, on a per unit basis, decreased 46% from \$0.067 in 2001 to \$0.037 in 2002. These cost savings are primarily the result of the Manager's concentrated effort to reduce general and administrative costs, combined with economies of scale resulting from the increased number of units outstanding. This trend continued during the fourth quarter of 2002 with general and administrative costs of \$0.010 per unit being a 38% decrease from the \$0.016 per unit in the fourth quarter in 2001.

Management fees were reduced during 2002 from 1.5% of EnerVest's net asset value to 1.5% of the first \$250 million of the net asset value and 1.0% thereafter. Despite this change, management fees have increased by \$2.6 million over 2001 due to the significant increase in the net asset value of EnerVest.

Interest expense increased in 2002 primarily due to the increase in EnerVest's credit facility. In April 2002, EnerVest replaced its \$15 million bank credit facility with a margin account at a major brokerage firm. The limit on this account was increased to \$100 million in October 2002, of which \$71 million was utilized at year end. Consistent with our investment philosophy, proceeds from this credit facility were invested in attractively priced income and royalty trusts that provide a balance of high cash distribution returns and the potential for capital appreciation.

Net investment income increased 107% from \$12.6 million in 2001 to \$26.0 million in 2002. However, net investment income per unit decreased from \$0.77 to \$0.61 per unit in 2002 primarily as a result of lower distributions from investments and the lack of leverage during the first half of the year, in the same ratio to assets, as in 2001.

During 2002, EnerVest had realized capital gains of \$10.9 million (2001 - \$6.9 million) and had an unrealized appreciation in its portfolio of \$7.1 million (2001 - \$15.7 million).

Cash Distributions

During each of 2002 and 2001, EnerVest distributed \$0.84 per Unit. These distributions represent an annualized pre tax yield of 12.2% (2001 was 14.7%) based on the year 2002 opening TSX value of \$6.90 per unit (2001 was \$6.05).

The distributions were 47.1% tax deferred (2001 was 72.6%) representing an after tax distribution rate of 8.4% (2001 was 11.1%), or an equivalent pre tax interest rate of 16.7% (2001 was 22.2%), assuming a 50% marginal tax rate. In 2002, EnerVest continued its perfect record of monthly distributions since its inception as distributions were paid monthly to unitholders of record as of the last day of the month.

Liquidity and Capital Resources

During the year 2002 the average trading volume of EnerVest increased 174% to approximately 129,000 units per day (2001 was 47,000 units per day). For the fourth quarter of 2002, the average daily trading volume of EnerVest was 114,100 units, up 46% from 78,100 units during the fourth quarter of 2001. The increased liquidity is primarily the result of the increased asset value of EnerVest and the higher number of units outstanding. The weighted average number of units outstanding was 42.7 million during 2002 (2001 was 16.2 million units). EnerVest exited 2002 with 60.4 million units outstanding after the closing of the Exchange Offer in November, 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

EnerVest Diversified Income Trust

During 2002, EnerVest raised approximately \$71.0 million of capital through a Rights Offering and approximately \$137.7 million of capital through an Exchange Offering. In this Exchange Offering, holders of various trust and limited partnership units had the opportunity to exchange their units for units of EnerVest Diversified Income Trust.

Also, during 2002, EnerVest utilized its Normal Course Issuer Bid through which it acquired 58,400 trust units for cash consideration of \$384,506 (2001 was 15,000 trust units for cash consideration of \$101,850).

During the year, the net assets of EnerVest increased \$194.8 million, from \$197.8 million to \$392.6 million, representing a 98% increase. This increase was primarily the result of the Rights Offering in February, an Exchange Offering in November (less costs of issue), and the increase in net assets from operations. The Manager believes this increased size provides both enhanced diversification and economies of scale resulting in increased liquidity and lower general and administrative costs per unit.

Future Outlook

We head into 2003 with a view of cautious optimism. We anticipate the year will see continued growth in the royalty and income trust sector with several new issues. The current low interest rate environment and continued growth in the Canadian economy are positive for the sector. We believed oil prices above \$30 US were unsustainable and we have consequently lowered our weighting in this sector. With the war in Iraq essentially over, we have concentrated our oil and gas portfolio to selected core trusts, with a focus on natural gas, that we believe provide the best opportunity and value. We are optimistic that further opportunities will arise in this sector if the oil price continues towards its historic value.

Our focus in the real estate sector is toward commercial and retailing trusts and in the business sector toward trusts that can grow with a robust economy. Overall, we are cautious of interest sensitive trusts as we believe the trend is toward higher rates. We believe that by selecting high quality, good value trusts, and by actively managing the portfolio and the industry segments within, we can continue to provide above average returns for our unitholders.

Risks and Uncertainties

EnerVest is exposed to commodity price risk, business risk and economic risk, and although highly diversified, a severe market correction could significantly affect the value and selling price of securities within EnerVest's portfolio.



**DUE DILIGENCE
PROVEN MANAGEMENT**

MANAGEMENT'S RESPONSIBILITY STATEMENT

EnerVest Diversified Income Trust

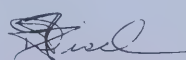
The financial statements of **EnerVest Diversified Income Trust** were prepared by, and are the responsibility of, the management of EnerVest Diversified Management Inc. (the "Manager") as agreed in the Management Agreement between the Manager and the Trust. These statements have been prepared in accordance with generally accepted accounting principles.

Management has designed and maintains a system of internal controls to safeguard assets and to ensure that transactions are properly authorized and recorded. Where estimates are used, management has ensured that careful judgment has been made and that these estimates are reasonable based on all information known at the time the estimate is made.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Manager, with the approval of the Board of Directors, has appointed PricewaterhouseCoopers LLP to examine the financial statements of the Trust and provide their independent opinion.



Michael L. Streukens
President and Chief Executive Officer



David J. Fischer
Chief Financial Officer

AUDITORS' REPORT

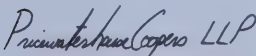
To the Unitholders of EnerVest Diversified Income Trust:

We have audited the statements of net assets and portfolio investments of **EnerVest Diversified Income Trust** as at December 31, 2002 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material aspects, the financial position of the Trust and its portfolio investments as at December 31, 2002 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2001 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated March 28, 2002.



PricewaterhouseCoopers LLP
Chartered Accountants

April 16, 2003
Calgary, Alberta




STATEMENTS OF NET ASSETS

EnerVest Diversified Income Trust

December 31, 2002 and 2001

	2002	2001
	\$	\$
CURRENT ASSETS		
Cash	1,521,499	-
Investments, at market value	459,876,822	212,224,992
Accounts receivable	1,443,961	-
Distributions receivable	5,071,188	2,538,237
Current portion of promissory note receivable (Note 3)	49,912	49,912
	<u>467,963,382</u>	<u>214,813,141</u>
Promissory note receivable (Note 3)	309,499	359,412
Deferred charge	46,875	17,489
	<u>356,374</u>	<u>376,901</u>
	<u>468,319,756</u>	<u>215,190,042</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	492,039	358,720
Distributions payable (Note 4)	4,227,436	2,021,401
Credit facility (Note 5)	70,993,130	15,000,000
	<u>75,712,605</u>	<u>17,380,121</u>
NET ASSETS REPRESENTING UNITHOLDERS' EQUITY	<u>392,607,151</u>	<u>197,809,921</u>
UNITS ISSUED AND OUTSTANDING (Note 6)	<u>60,391,950</u>	<u>28,877,164</u>
NET ASSET VALUE PER UNIT	<u>\$6.50</u>	<u>\$6.85</u>

Approved on behalf of the Trust by the Board of EnerVest Diversified Management Inc., the Manager

 Director

 Director

STATEMENTS OF OPERATIONS

EnerVest Diversified Income Trust

Year Ended December 31, 2002 and 2001

	2002 \$	2001 \$
INVESTMENT REVENUES	33,425,713	16,413,240
EXPENSES		
General and administrative (Note 8)	1,564,807	1,094,412
Management fees (Note 8)	4,434,702	1,802,674
Interest on credit facility	1,450,714	937,793
	7,450,223	3,834,879
NET INVESTMENT INCOME	25,975,490	12,578,361
NET GAIN ON SALE OF INVESTMENTS	10,878,488	6,868,758
NET UNREALIZED APPRECIATION OF INVESTMENTS	7,058,171	15,677,308
INCREASE IN NET ASSETS FROM OPERATIONS	43,912,149	35,124,427
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	42,665,213	16,236,413
PER UNIT		
Net Investment Income	\$0.61	\$0.77
Net Gain on Sale of Investments	\$0.25	\$0.42
Net Unrealized Appreciation of Investments	\$0.17	\$0.97
Increase in Net Assets from Operations	\$1.03	\$2.16



STATEMENTS OF CHANGES IN NET ASSETS

EnerVest Diversified Income Trust

Year Ended December 31, 2002 and 2001

	2002	2001
	\$	\$
NET ASSETS, BEGINNING OF YEAR	197,809,921	86,655,626
Increase (decrease) in net assets from:		
OPERATIONS:	43,912,149	35,124,427
UNITHOLDERS TRANSACTION:		
Net proceeds on issuance of Trust Units	200,713,161	96,916,831
Return of capital	(12,642,471)	(6,324,238)
Repurchase of Trust Units	(384,506)	(101,850)
Proceeds from Dividend Reinvestment Plan	604,167	32,759
	188,290,351	90,523,502
DISTRIBUTIONS TO UNITHOLDERS (Note 4)	(37,405,270)	(14,493,634)
NET ASSETS, END OF YEAR	392,607,151	197,809,921



STATEMENTS OF PORTFOLIO INVESTMENTS

EnerVest Diversified Income Trust

December 31, 2002 and 2001

	2002		2001	
	Adjusted Cost Base \$	Market Value \$	Adjusted Cost Base \$	Market Value \$
OIL AND GAS				
Acclaim Energy Trust	9,942,963	10,108,921	-	-
Advantage Energy Income Trust	6,302,954	9,538,633	4,649,448	5,051,558
APF Energy Trust	1,381,111	1,462,117	390,086	388,504
ARC Energy Trust	7,158,549	8,296,478	9,266,361	11,093,752
Canadian Oil Sands Trust	14,317,721	15,550,997	9,212,422	11,937,965
Enerplus Resource Fund	14,654,073	16,737,126	9,210,100	9,545,159
Focus Energy Trust	4,483,361	4,968,425	-	-
Freehold Royalty Trust	2,479,904	3,102,127	2,372,634	2,412,010
Harvest Energy Trust	1,852,500	2,256,250	-	-
NAL Oil & Gas Trust	2,293,740	2,149,839	-	-
NCE Energy Trust	-	-	771,065	703,178
Paramount Resources Ltd.	3,398,472	3,300,525	-	-
Pengrowth Energy Trust	8,428,380	8,830,679	-	-
Provident Energy Trust	-	-	2,698,562	2,291,071
Shiningbank Energy Income Fund	-	-	149,830	245,858
Ultima Energy Royalty Trust	1,334,306	1,416,250	455,399	439,618
Vermillion Resources Ltd.	7,745,620	7,728,000	-	-
Viking Energy Royalty Trust	1,281,723	1,434,446	2,454,536	2,400,000
	87,055,377	96,880,813	41,630,443	46,508,673
REAL ESTATE				
Alexis Nihon REIT	3,600,000	3,582,000	-	-
Canadian Apartment Properties REIT	-	-	1,767,532	2,227,327
Canadian Hotel Income Property REIT	-	-	1,655,471	1,700,788
Canadian Real Estate Investment Trust	7,107,510	7,494,932	3,282,046	3,448,477
Cominar Real Estate Investment Trust	2,217,449	2,644,054	2,244,993	2,536,836
CPL Long Term Care REIT	-	-	1,529,608	1,613,887
H&R Real Estate Investment Trust	11,256,077	12,724,699	9,682,809	11,399,380
Legacy Hotels Real Estate Investment Trust	7,998,895	7,922,771	6,937,724	8,061,368
Morguard Real Estate Investment Trust	547,924	547,842	179,673	182,343
O & Y REIT	868,849	819,377	-	-
Residential Equities REIT	1,357,433	1,330,923	14,470	14,970
Retirement Residences REIT	8,858,788	9,150,315	2,085,200	2,400,240
RioCan Real Estate Investment Trust	15,986,021	19,254,890	10,399,003	12,860,517
Royal Host Real Estate Investment Trust	2,206,781	2,199,432	574,692	609,342
Summit Real Estate Income Trust	3,935,253	3,948,930	971,108	1,106,906
	65,940,980	71,620,165	41,324,329	48,162,381
PAPER AND FOREST PRODUCTS				
PRT Forest Regeneration Income Fund	4,453,642	4,484,480	3,916,063	4,346,760
SFK Pulp Fund	12,096,693	12,164,520	-	-
TimberWest Forest Corp.	11,401,303	11,775,612	8,854,108	10,177,934
	27,951,638	28,424,612	12,770,171	14,524,694
TRANSPORTATION AND ENVIRONMENT				
BFI Canada Income Fund	10,593,831	12,230,314	-	-
Halterm Income Fund	917,276	1,595,836	2,086,566	3,650,086
IAT Air Cargo Facilities Income Fund	5,187,041	4,797,751	1,116,127	1,264,065
Livingston International Income Fund	3,668,683	4,206,900	-	-
Oceanex Income Fund	3,346,411	3,827,540	1,667,996	2,382,243
Westshore Terminals Income Fund	11,593,463	9,704,949	1,221,124	1,326,908
	35,306,705	36,363,290	6,091,813	8,623,302



STATEMENTS OF PORTFOLIO INVESTMENTS - CONTINUED

EnerVest Diversified Income Trust

December 31, 2002 and 2001

	2002		2001	
	Adjusted Cost Base \$	Market Value \$	Adjusted Cost Base \$	Market Value \$
CONSUMER PRODUCTS				
A&W Revenue Royalty Income Fund	4,621,360	4,663,853	-	-
Arctic Glacier Income Fund	2,810,778	2,718,019	-	-
Associated Brands Income Fund	3,406,142	3,628,800	-	-
Atlas Cold Storage Income Fund	14,590,063	17,599,331	7,379,517	9,193,932
Boston Pizza Royalties Income Fund	1,995,041	2,029,060	-	-
Clearwater Seafoods Income Fund	10,523,960	10,833,284	-	-
Connors Brothers Income Fund	8,536,334	10,301,249	2,968,998	3,346,000
Consumers Water Heater Income Fund	4,998,873	5,255,000	-	-
Davis & Henderson Income Fund	15,526,686	19,213,727	5,165,000	5,495,560
Firm Capital Mortgage Investment Trust	3,858,787	3,979,300	-	-
Gateway Casino Income Fund	4,473,834	4,635,000	-	-
Keg Royalties Income Fund	6,366,987	6,031,925	-	-
NorthWest Company Fund	1,151,645	1,478,048	1,080,158	1,096,336
Rainmaker Entertainment Group Ltd.	768,879	739,261	-	-
ReQuest Income Fund	-	-	974,438	655,593
Rogers Sugar Income Fund	3,330,820	3,460,173	4,487,282	4,294,689
SCI Income Trust	5,469,650	7,127,702	4,259,099	4,957,920
Sun Gro Horticulture Income Fund	5,184,139	5,331,851	-	-
	97,613,978	109,025,583	26,314,492	29,040,030
ENERGY DISTRIBUTION				
Energy Savings Income Fund	4,808,082	4,201,838	-	-
Superior Propane Income Fund	4,739,443	5,890,204	7,557,402	9,007,032
	9,547,525	10,092,042	7,557,402	9,007,032
PIPELINE AND UTILITY				
Algonquin Power Income Fund	7,857,580	7,565,325	4,119,899	4,662,320
Bell Nordinq Income Fund	7,954,146	8,536,253	-	-
Boralex Power Income Fund	7,533,151	7,787,540	-	-
Fort Chicago Energy Partners	10,793,269	11,178,139	7,736,248	8,617,920
Great Lakes Hydro Income Fund	2,696,658	2,798,497	95,354	92,460
Inter Pipeline Fund	13,961,813	13,142,120	-	-
KMS Power Income Fund	-	-	1,285,136	1,433,882
Koch Pipelines Canada Limited Partnership	-	-	5,881,164	6,258,160
Northland Power Income Fund	4,522,978	5,745,080	2,840,496	4,137,047
Pembina Pipeline Income Trust	6,336,434	7,488,856	8,024,291	10,975,699
Taylor NGL Limited Partnership	-	-	3,371	3,520
TransAlta Power Limited Partnership	6,123,532	8,065,596	4,355,338	5,691,203
TransCanada Power Limited Partnership	5,788,362	5,696,570	644,216	664,210
	73,567,923	78,003,976	34,985,513	42,536,421
INDUSTRIALS				
Advanced Fibre Technology Fund	958,048	958,410	-	-
Chemtrade Logistics Income Fund	5,841,149	7,639,100	5,811,459	6,480,712
Tree Island Wire Income Fund	6,786,600	6,486,000	-	-
	13,585,797	15,083,510	5,811,459	6,480,712
METALS AND MINERALS				
Labrador Iron Ore Royalty Income Fund	9,772,356	10,793,786	6,777,313	7,341,747
Noranda Income Fund	3,514,313	3,589,045	-	-
	13,286,669	14,382,831	6,777,313	7,341,747
	423,856,592	459,876,822	183,262,935	212,224,992



NOTES TO THE FINANCIAL STATEMENTS

EnerVest Diversified Income Trust

December 31, 2002 and 2001

1. ORGANIZATION OF THE TRUST

EnerVest Diversified Income Trust ("EnerVest") is a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 5, 1997 (as amended and restated from time to time). EnerVest is managed by EnerVest Diversified Management Inc., (the "Manager") and the fund manager is Cypress Capital Management Ltd. (the "Fund Manager"). EnerVest was listed on The Toronto Stock Exchange and effectively commenced operations on August 7, 1997. EnerVest shall continue until the year 2050 and its investment objective is to maximize monthly distributions and provide a cost-effective method of reducing investment risk primarily through investments in royalty and income trusts.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles appropriate to the investment fund industry. The following is a summary of the significant accounting policies.

Cash

Cash comprises cash on hand and demand deposits.

Valuation

Investments are stated at market values based on closing market quotations. Short-term debt instruments are recorded at cost which approximates market value. The fair value of other financial instruments included in the balance sheet approximate their carrying value due to their short maturity or earn interest at a floating interest rate.

Income recognition

Investment transactions are recorded on the trade date. Realized gains or losses resulting from the sale of investments and unrealized appreciation or depreciation of investments is determined on an adjusted cost basis. Realized gains or losses resulting from the sale of short-term debt instruments are recorded as interest income. Distributions from income funds and trusts and dividend income earned from portfolio investments are recognized based upon the ex-distribution or ex-dividend date.

Return of Capital

Distributions received from income funds and trusts that are a return of capital for income tax purposes are separately identified within the statement of changes in net assets and reduce the average cost base of the underlying securities in the investment portfolio.

3. PROMISSORY NOTE RECEIVABLE

In connection with the public offering of Trust Units in 1999, EnerVest paid solicitation and advisory fees totalling \$499,135 which are to be reimbursed by the Manager over a ten year period ending December 22, 2009. The receivable is evidenced by a promissory note under which principal payments are being made to EnerVest in 40 equal payments of \$12,478 plus interest at the rate of prime plus 0.25% per annum commencing April 1, 2000. The payment dates are the first day of January, April, July and October of each year.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
EnerVest Diversified Income Trust

4. DISTRIBUTIONS TO UNITHOLDERS

Distributions as declared by the Manager, are made on a monthly basis, to Unitholders of record on the last day of each month, payable no later than the 15th day of the following month. Monthly, EnerVest is required to distribute to each Unitholder, as a minimum, their pro rata share of the income and other distributions which EnerVest has received or realized from its investments during the month less estimated expenses.

5. CREDIT FACILITY

On April 19, 2002, a \$15 million bank credit facility was terminated. This credit facility bore interest at the bank's prime lending rate of interest plus 1/4%, and was secured by a first charge on the assets of EnerVest.

During April 2002, EnerVest established a margin account at a major brokerage firm to replace the bank credit facility. As at December 31, 2002 the margin account limit was \$100 million, of which \$71 million was utilized. Such borrowing is restricted to 20% of EnerVest's total assets. This facility is due on demand, is secured by certain portfolio investments and bears interest at prime minus 0.5% per annum.

6. UNITHOLDERS' EQUITY

The authorized capital of EnerVest consists of an unlimited number of EnerVest units. A beneficial interest in the net assets and the net income of EnerVest is divided into transferable non-redeemable Trust Units of equal value. Each unit is entitled to one vote and to participate equally with all other Trust Units with respect to all payments made to holders of Trust Units out of EnerVest's assets. During 2002 and 2001, Trust Units were issued and repurchased as follows:

	2002		2001	
	Number of Units	Amount \$	Number of Units	Amount \$
Units, beginning of year	28,877,164	193,461,457	13,238,304	96,613,717
Repurchased	(58,400)	(384,506)	(15,000)	(101,850)
Issued	31,573,186	209,312,501	15,653,860	101,440,355
Cost of public issue	-	(7,995,173)	-	(4,490,765)
Units, end of year	60,391,950	394,394,279	28,877,164	193,461,457

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
EnerVest Diversified Income Trust

6. UNITHOLDERS' EQUITY - continued

In February 2002 and August 2001, EnerVest closed rights offerings, issuing an additional 11,640,436 and 5,638,370 Trust Units respectively, for total proceeds of \$71.0 million and \$34.4 million respectively.

In October 2002 and November 2001, EnerVest closed exchange offerings whereby EnerVest issued 19,841,770 and 10,010,598 Trust Units respectively, for total proceeds of \$137.7 million and \$67.0 million respectively, in exchange for certain royalty, income trust, and limited partnership units.

Included in issued units for 2002 is \$604,167 representing 90,980 units (2001 - \$32,759 representing 4,892 units) issued under the distribution reinvestment plan. Pursuant to this plan, Unitholders who are resident in Canada may elect to have all of their cash distributions and additional cash contributions (currently up to \$1,000 per month) invested in additional EnerVest units. Participants do not pay any costs associated with the distribution reinvestment plan including the payment of brokerage commissions. Reinvestment of cash distributions will not relieve participants of any income tax applicable to such distributions.

During the year 2002, EnerVest repurchased 58,400 (2001 - 15,000) units through its normal course issuer bid for an average price of \$6.58 (2001 - \$6.79). The normal course issuer bid expires May 7, 2003.

The change in Unitholders' equity during the years was as follows:

	2002	2001
	\$	\$
Unitholders' equity, beginning of year	197,809,921	86,655,626
Change in Trust Units	200,932,822	96,847,740
Change in net assets from operations	43,912,149	35,124,427
Return of capital	(12,642,471)	(6,324,238)
Distributions to Unitholders	(37,405,270)	(14,493,634)
Unitholders' equity, end of year	392,607,151	197,809,921

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

EnerVest Diversified Income Trust

7. INCOME TAXES

EnerVest is a taxable entity for income tax purposes and is taxable on any income that is not distributed to the Unitholders. It is the intention of EnerVest to distribute all of its net income and sufficient net realized capital gains so that it will not be subject to income taxes, other than foreign withholding taxes, if applicable.

8. RELATED PARTY TRANSACTIONS

The Manager, EnerVest Diversified Management Inc. is responsible for the business affairs of EnerVest and is entitled, pursuant to the Declaration of Trust, to a management fee, based on the net asset value of EnerVest, at an annual rate of 1.5% on the first \$250 million and 1% thereafter, payable monthly, calculated using the average daily net asset value and is also reimbursed for all administrative expenses incurred which relate to the operation of EnerVest.

For the year ended December 31, 2002, the administrative expenses charged to EnerVest amounted to \$1,025,834 (2001 - \$833,842), and on an annualized basis were 0.3% (2001 - 0.3%) of the average net assets of EnerVest. Included in accounts payable and accrued liabilities at December 31, 2002 is an amount of \$215,562 (2001 - \$75,483) owed to the Manager for such items.

9. SUBSEQUENT EVENTS

On February 24, 2003, EnerVest closed a rights offering, issuing an additional 20,135,005 Trust Units for total proceeds of \$118.8 million.

CORPORATE GOVERNANCE

EnerVest Diversified Income Trust

The Board of Directors (the “Board”) and management of the Manager believe in the importance of good corporate governance and its effectiveness in promoting enhanced shareholder value. All corporations listed on the TSX must now annually disclose their approach to corporate governance with specific reference to each of the Guidelines. The Board has commenced a process of analyzing and considering, and implementing the Guidelines in a manner appropriate for EnerVest. This process is on going. In some instances, as described in more detail below, certain of the Guidelines have not been adopted as the Board believes that such Guidelines are not appropriate for EnerVest.

GUIDELINES

1. The Board should explicitly assume responsibility for the stewardship of the Corporation, including;
 - a) the adoption of a strategic planning process;
 - b) the identification of the principal risks of the Trust's business and the implementation of appropriate systems to manage these risks;
 - c) succession planning, including appointing, training and monitoring senior management;
 - d) the Trust's communications policy; and
 - e) the integrity of the Trust's internal control and management information systems.

2. The Board should be constituted with a majority of individuals who qualify as unrelated directors.
3. The analysis of the application of the principles supporting the conclusion in paragraph 2 above.

COMPLIANCE COMMENTS

While the Board of Directors has not explicitly acknowledged its responsibility for the stewardship of EnerVest, the Board of Directors through the Manager is required to manage the business and affairs of EnerVest pursuant to the provisions of the Management Agreement and the Declaration of Trust. The Board of Directors approves strategic planning initiatives formulated by management in consultation with the Chief Executive Officer but has not adopted a formal strategic planning process.

The Board of Directors assumes responsibility for the identification of the principal risks of EnerVest's business and the implementation of appropriate systems to manage these risks and the integrity of EnerVest's internal control and management information systems through the activities of the audit committee.

The Board of Directors generally directs the business and affairs of EnerVest through management of the Manager. Generally the Board meets a minimum of four times each year, once in each fiscal quarter. In addition, the Board meets at other times when matters requiring its approval are raised and the timing is such that it is not prudent or possible to wait for a regularly scheduled meeting.

The responsibility of the Board for the succession planning process with respect to the appointment, training and monitoring of senior management is met through the activities of the entire Board which meets on a periodic basis to review the succession planning process of management.

The Board has generally delegated the communications policy to the senior management. Unitholder communications are generally handled by EnerVest's Client Services Department, however, on occasion other members of management or Directors may communicate with shareholders directly.

The Board is currently composed of five directors, three of whom qualify as unrelated.

Mr. Streukens, President and CEO of the Manager and Mr. Fischer, CFO, are related directors by virtue of these positions. The remaining members of the Board are independent of management and are free from any interest and any business or other relationship (other than interests and relationships arising from unitholdings), which could,

CORPORATE GOVERNANCE

EnerVest Diversified Income Trust

GUIDELINES - CONTINUED

4. The Board should appoint a committee of directors composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis.
5. The Board should implement a process to be carried out by the Nomination Committee or other appropriate committee for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.
6. The existence of an orientation and education program for new recruits to the Board.
7. The size of the Board and the impact of the number of directors upon the Board's effectiveness.
8. The adequacy and form of the compensation of directors should realistically reflect the responsibilities and risk involved in being an effective director.
9. Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated directors.
10. The Board's responsibility for (or a committee of the Board's general responsibility for) developing the Corporation's approach to governance issues.
11. The Board has developed:
 - a) position descriptions for the Board and for the CEO, involving the definition of the limits to management's responsibilities; and
 - b) the corporate objectives for which the CEO is responsible for meeting.

COMPLIANCE COMMENTS - CONTINUED

or could reasonably be perceived to, materially interfere with such director's ability to act in the best interests of EnerVest.

The Board has retained the responsibility for proposing to the full board new nominees to the Board. The Board has no formal process for assessing directors on an on-going basis. Nominations have generally been the result of recruitment efforts by the Board.

The Board has not implemented a formal process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.

The Board has not instituted any formal process at this time for an education or orientation program for new directors.

The Board believes that its current size is appropriate.

During 2002, the Board reviewed the compensation of directors and determined that the present compensation reflects the responsibilities and risks involved in being an effective director.

EnerVest currently has one committee being the Audit Committee. This committee is comprised of three directors, two of which are regarded by the Board of Directors as being unrelated.

The Board of Directors has retained responsibility for developing EnerVest's approach to corporate governance and to ensure the continuing effectiveness of the Board and its various committees.

The Board has not developed formal position descriptions for the Board, nor the CEO although the Board of Directors has set certain guidelines for the limits of authority on members of management.

CORPORATE GOVERNANCE

EnerVest Diversified Income Trust

GUIDELINES - CONTINUED

12. The structures and procedures ensuring that the Board can function independently of management.
- 13.
- a) The Audit Committee of the Board should be composed only of outside directors.
 - b) The roles and responsibilities of the Audit Committee should be specifically defined.
 - c) The Audit Committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate.
 - d) The Audit Committee's duties should include oversight responsibility for management reporting on internal controls and should ensure that management has designed and implemented an effective system on internal controls.
14. The existence of a system which enables an individual director to engage an outside adviser at the expense of the Corporation in appropriate circumstances.

COMPLIANCE COMMENTS - CONTINUED

The Board has not chosen an unrelated director to be Chairman, nor established any other formal procedures to ensure that the Board can function independently of management. However, the Board believes that it does function independently from management since its composition has 60% independent and unrelated directors.

The Audit Committee consists of Messrs. Streukens, Martin and Sedgwick, two of which are unrelated directors. The mandate of the Audit Committee includes oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The Audit Committee meets at least annually with EnerVest's auditors to review the scope of the audit, the result of the audit and the auditor's evaluation of EnerVest's internal controls.

The Board permits the Directors, when appropriate, to engage outside advisors at the expense of EnerVest.

BOARD APPROVALS AND STRUCTURE

The Board responds to and if it considers appropriate approves, with such revisions as it may require, trust objectives and recommended courses of action, which have been brought forward by Board members and management. The Board retains plenary power for those functions not specifically delegated by it from time to time to management. In addition to maintaining the powers it must retain by statute, significant business activities, actions and communications proposed to be taken or submitted by EnerVest are subject to Board approval.

Significant changes, long range plans, major changes in the organizational structure of EnerVest, annual financial statements, major acquisition and disposition transactions, major financing transactions involving the issuance of units, debt or other commitments, appointment of officers and succession plans are all subject to Board approval.

EXPECTATIONS OF SENIOR MANAGEMENT

The Board is involved in monitoring and assessing senior management through its regular contact with the management team, most of whom participate in presentations to the Board. In addition, the Board assesses the individual performance of the President and Chief Executive Officer and the rest of senior management as part of its review process.

TRUST INFORMATION

MANAGER

EnerVest Diversified Management Inc.

DIRECTORS – ENERVEST DIVERSIFIED MANAGEMENT INC.

Michael L. Streukens (1)

President & CEO

EnerVest Resource Management Ltd.

David J. Fischer

C.F.O.

EnerVest Resource Management Ltd.

S. Neil Sedgwick (1)

Partner

Martin & Brusset Associates

Jeffrey J. McCaig

President & CEO

Trimac Corporation

Derek C. Martin (1)

President

Addington Equities Inc.

(1) Member of the Audit Committee

OFFICERS – ENERVEST DIVERSIFIED MANAGEMENT INC.

Michael L. Streukens

President & CEO

David J. Fischer

C.F.O.

J. Ward Mallabone

Secretary

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Greg Bay

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Chief Investment Officer

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TRUSTEE, TRANSFER AGENT & REGISTRAR

Computershare Trust Company of Canada

Calgary/Toronto

Tel: (800) 332-0095

AUDITORS

PricewaterhouseCoopers LLP

Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

SYMBOL

EIT.UN

INVESTOR RELATIONS

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CANADA	POSTES
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ENERVEST DIVERSIFIED INCOME TRUST
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I want to know more about the **Distribution Reinvestment Plan**

EnerVest Diversified Income Trust has established a Distribution Reinvestment Plan. If you would like to receive more information about the Plan, please complete and mail this card free of charge.

Name:		
Company (if applicable):		
Address:		
City:	Province:	Postal Code:
Daytime Phone:	Fax:	
e-mail address:		
Signature:		Date:

www.enervest.com 1-800-459-3384 Fax (403) 571-5554



enerVest Diversified Income Trust ("EnerVest")

ursuant to National Instrument 54-102, EnerVest will only send interim financial statements to those unitholders, whether registered or beneficial, who request in writing to receive them. If you are a registered or beneficial unitholder, and wish to be placed on a supplemental mailing list for receipt of interim financial statements, please return this card.

enerVest maintains a website at www.enervest.com. On the website, the following information is kept current:

- | | |
|-------------------------------|--------------------|
| 1. Distributions | 2. Tax Information |
| 3. Interim and Annual Reports | 4. Press Releases |

Name:		
Company (if applicable):		
Address:		
City:	Province:	Postal Code:
Daytime Phone:	Fax:	
e-mail address:		
Signature:		Date:

(I certify that I am the beneficial unit holder)

Please select the category best describing your relationship with EnerVest:

- ☐ registered unit holder (I hold trust unit certificates)
- ☐ beneficial unit holder (trust units held by third party) ☐ other _____

How do you prefer to receive interim financial statements?

- ☐ By Mail ☐ By Email

In addition to interim financial statements, are you interested in receiving via:

- ☐ email ☐ or fax ☐ Press Releases ☐ Periodic investor updates

return this card free of charge by mail or by fax.

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